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FM AMEMBASSY MUSCAT  
TO RUEHC/SECSTATE WASHDC 8877  
INFO RUEHZM/GULF COOPERATION COUNCIL COLLECTIVE  
RUEHC/DEPT OF LABOR WASHDC

C O N F I D E N T I A L SECTION 01 OF 03 MUSCAT 000970

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E.O. 12958: DECL: 10/22/2017  
TAGS: [PGOV](#) [PHUM](#) [ELAB](#) [ETRD](#) [KMPI](#) [MU](#)  
SUBJECT: UNIONS INCREASING IN NUMBER BUT LACKING IN STRENGTH

REF: A. MUSCAT 462  
[B](#). MUSCAT 473

Classified By: Ambassador Gary A. Grappo, reasons 1.4 b/d.

[1](#)1. (C) Summary: The number of labor unions in Oman increased substantially during the second and third quarters of 2007. Contacts claim, however, that despite a few isolated examples, unions remain weak and continue to lack effective organization or leadership. The General Federation of Oman's Laborers, the national level workers' representative body, has been particularly ineffective, contacts state. In the meantime, businesses are concerned that the lack of knowledgeable and dependable union leaders offers them few reliable bargaining partners, and presents a threat to labor market stability. Post intends to continue to support programming that builds union capacity and facilitates opportunities for greater communication between management and labor. End summary.

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Increased numbers  
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[1](#)2. (SBU) The number of unions in Oman has grown significantly since June 2007 when workers at construction company "Galfar" formed the country's first licensed union (ref A). According to statistics from the Ministry of Manpower's (MOM) Department of Labor Care, there currently are 18 unions representing workers in most of the primary sectors of the Omani economy, including the oil and gas, construction, banking and hospitality sectors. Ministry officials assert that the MOM is in the process of reviewing seven additional union applications, which they expect the Ministry to approve before the end of the year. Worker representatives who have spoken directly to poloff further claim that employees in at least three more Muscat-area companies are planning to submit union licensing applications to the Ministry this November.

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Yet little strength or depth  
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[1](#)3. (C) The increase in the number of unions, however, has not correlated with an increase in the strength or capacity of organized labor. There is little union depth in any sector ) in both the banking and hospitality sectors, for instance, there are only two unions. In addition, union leaders tell poloff that many of their co-workers still question the value of union membership, which makes it difficult for them to organize workplaces. Some of these same labor leaders themselves appear unable to clearly articulate their union's

purpose or goals in a way that would win their colleagues' confidence. The president of the union at Galfar, for example, who also is the company's general manager for human resources, stated that he only formed the union because "the government told me to." The head of the workers' committee at the Crowne Plaza Hotel in Muscat, who said that he was preparing to submit an application for union registration by November, told poloff that the union would "serve as a medium for communication between the workers and management," and that the primary purpose of the union would be to "help management drive hotel goals."

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Some bright spots  
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14. (C) Despite an overall lack of effective union leadership, some of the new and aspiring labor unions are organized and focused. Daleel Petroleum's Contract and Procurement Logistics Manager, who is spearheading union organization in his workplace, told poloff that he has informed co-workers that their welfare and safety would be the union's top priority. As a result, 120 employees out of the company's total workforce of 150 - 40 percent of whom are expatriates - have signed the union's registration application and already have identified two issues for the union to consider in negotiations with management: increased annual leave for oil field employees who are working a two-week on/two-week off schedule; and an increase in inflation-adjusted salaries for all of the company's employees. On the second issue, the union organizer said that his first step would be to request union representation on a task force that currently is reviewing the company's pay scale. If management does not agree to that demand, he said, the union would conduct its

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own study and consider further action to press worker demands as needed.

15. (C) The president of the union at the National Bank of Oman (NBO) told poloff that recent elections for the union's executive committee energized the bank's employees and substantially increased interest in the union. 56 percent of the union's 412 members voted in the election, in which 17 candidates competed for five positions. Two women ended up winning seats on the executive committee. The elections provided a way for the bank's expatriate employees to get more involved, the president stated, as he and other Omanis had to rely on their Indian colleagues' experience with democracy back home to help design and run the election procedures. Further, the process of campaigning helped the members of the executive committee learn to articulate their reasons for forming a union, which, the president and union secretary said, is to provide workers with "collective power"

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to negotiate for better wages, conditions and fair treatment.

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Where is the General Federation?  
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16. (C) Union contacts state that the General Federation of Oman's Laborers, which the MOM has identified to be the primary intermediary between the government, labor, business and international organizations to help with union development, has provided unions with little support or strategic guidance to date. They contend that the General Federation's inactivity has contributed to organized labor's lack of strength and capacity. NBO's union president rhetorically asked poloff, "Where is the General Federation?" He complained that the Federation did not provide the bank's employees with support during their union elections and that none of the Federation's members have visited his new executive committee.

¶7. (C) The Chairman of the General Federation, however, has repeatedly stated that he lacks even the basic tools -- such as dedicated office space and an independent source of funding -- to be an effective advocate for unions. In addition, while the Minister of Manpower has asked him to help guide union development in its early stages, the Chairman feels he lacks a foundation of support among workers. He and the other members of the Federation were not elected by unions to their positions, but appointed by the Ministry of Manpower in 2005 to serve on the Federation's precursor, the Main Representative Committee. As a result, the Federation is disconnected from the unions it is meant to serve. At a recent Post-sponsored reception for representatives of labor, government and business, the Federation Chairman responded to an invitation for dialogue from the CEO of an employer's association by saying, "I can't; I have nothing behind me and nothing to bring to the table."

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Business Concerns  
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¶8. (C) As labor unions increase in number, there appears to be a growing consensus among employers that labor's general lack of focus and leadership poses a potential threat to labor market stability. In addition, several executives have told poloff recently that Oman's regulations covering union organizing, collective bargaining and the right to strike are insufficiently precise to protect businesses' economic interests. The Chief Operations Officer at the Port of Salalah, which has been the site of two strikes over the past two years (ref B), told poloff that the Port is considering petitioning the government to identify dock workers as essential employees, or adding a clause to its employee contracts that would prohibit their involvement in "unlawful strikes."

¶9. (C) Sohar Aluminum has hired a management consultant to review Oman's labor laws and help the company develop a strategy for working with unions. The consultant recently told poloff that the company is particularly concerned that these laws, which allow for the possibility of multiple unions of at least 25 employees per firm, expose the company to the risk of having to negotiate multiple agreements with small units. There are bound to be pockets of workers among the company's employees, the consultant opined, who do not get a pay raise or promotion, and who will see unions as a way to advance their narrow interests. Further, the company

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has concerns over language in a Ministerial Decision on the renegotiation of valid collective bargaining agreements, which it fears could adversely impact the stability of such agreements. The company plans to discuss both issues with the Minister of Commerce and Industry.

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Comment  
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¶10. (SBU) Solidarity Center has received almost \$500,000 in funding from the Middle East Partnership Initiative (MEPI) to conduct capacity building programming for unions starting in January 2008. Solidarity Center's assistance and expertise should go a long way toward addressing unions' institutional and leadership deficiencies. It appears at this early stage of union development, however, that there is little communication -- but a great deal of distrust -- between management and labor. Post is working to help bridge this gap as demonstrated by the following examples:

-- A recent, Post-sponsored reception for labor and business leaders turned into an impromptu roundtable discussion, which some participants claimed was the first time that management and labor have met to discuss concerns and issues in any

meaningful way.

-- Post has invited more than twenty senior executives from companies in the Muscat area, as well as members of the General Federation and local unions, to a November 22 event to discuss effective labor-management relations and "win-win negotiating" with a former member of the U.S. National Labor Relations Board.

Contacts have expressed a keen interest in continuing this kind of dialogue, and Post plans to continue to facilitate opportunities for engagement between labor, business and government. Finally, all parties involved -- government, labor and business -- have requested continuing technical training and assistance to equip Oman's unions and labor leaders with the skills necessary to be effective. End Comment.  
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